

COMMITTEE REPORT

ELECTRICAL COALITION

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The Electric Coalition returned to an in-person meeting for this quarter. The meeting was held at the Midland offices on April 9, 2021, with the option of virtual participation via Zoom. The meeting was focused on the slate of bills under consideration in the Texas Legislature and ERCOT's preliminary report on the generator outages/derates during the February cold weather event.

The meeting was part of our continued effort to gauge member participants' views on the bills before the House and the Senate (HB 1607, SB 3, HB 11, HB 1572 & HB 3648). The status of each bill was presented, and we discussed the perceived advantages and/or disadvantages of any changes that had occurred since our last meeting. The likely passage of each bill and its potential impact on our industry were the prevailing areas of discussion. There were several comments of concern relating to SB 3, HB 11 & HB 3648 and the potential for upstream infrastructure to be deemed critical and to be subjected to mandatory weatherization requirements. In contrast, participants expressed generally favorable comments on the likely passage of HB 1607 and the potential to improve transmission-service providers' ability to expedite needed transmission projects in West Texas. For reference, the two West Texas load zones have historically been subjected to the highest congestion costs, which directly impacts our members' operations. PBPA stakeholders participated in several meetings over the course of Q1 to gain beneficial modifications to several of these bills.

As a follow-up to our own participants' evaluation of TDSP's responses to the winter weather event, we reviewed the key highlights of ERCOT's Preliminary Report on Causes of Generator Outages and Derates for Operating Days February 14-19, 2021 Extreme Weather Event. The findings provided support for some of the corrective actions presented in the legislative bills, under consideration. According to the report, more than half of the lost power supply was due to weather-related outages. Plant weatherization appears to be a key component of reasonable corrective actions. By comparison, roughly 12 percent of the lost power supply was attributed to fuel availability, such as, natural gas. Although welcomed, regulators' efforts to restore power and to exempt appropriate natural gas production, gathering, and distribution facilities from rolling outages would not have prevented the bulk of the plant outages. Maintaining a robust fuel supply shall remain a key area to improve, but weatherization of the power plants presents the greatest opportunity to reduce cold weather event outages. The Coalition will continue to evaluate the results of legislative efforts and any subsequent implementation.